

BEFORE THE PUBLIC DISCLOSURE COMMISSION  
OF THE STATE OF WASHINGTON

IN RE COMPLIANCE	)	PDC CASE NO: #04-309
WITH RCW 42.17	)	
	)	REPORT OF INVESTIGATION
Washington State Farm Bureau	)	
	)	
<u>Respondent</u>	)	

I.

**Background**

- 1.1 The Washington State Farm Bureau (WSFB) is the state association for local farm bureaus from around the State of Washington. The WSFB is a lobbyist employer that has been registered and reported those activities with the PDC for a number of years, and they also have a political committee that is registered with the PDC. The WSFB listed seven registered lobbyists for calendar year 2003.
- 1.2 On October 28, 2003, a complaint was filed by Diane McDaniel with the Washington State Labor Council alleging that the WSFB violated RCW 42.17 by: 1) failing to report contributions to the Workers Against Job Killing Rules (WAJKR), a political committee supporting Initiative 841 a statewide ballot proposition, for in-kind contributions in the form of editorial board appearances, speaker requests and press contacts; and 2) failing to timely file reports disclosing those contributions on either the monthly Lobbyist Expense Report (PDC Form L-2) or the monthly Lobbyist Employer Contribution Report (PDC Form L-3c).

II.

**Scope**

- 2.1 Staff reviewed the allegations listed in the complaint filed by Diane McDaniel with the Washington State Labor Council.

- 2.2 Staff reviewed the response submitted by the WSFB on November 17, 2003.
- 2.3 Staff reviewed the lobbying reports filed by the WSFB and the registered lobbyists of the WSFB.

### III.

#### Law

- 3.1 **RCW 42.17.020(14)** states in part the following:

"Contribution" includes:

- (i) A loan, gift, deposit, subscription, forgiveness of indebtedness, donation, advance, pledge, payment, transfer of funds between political committees, or anything of value, including personal and professional services for less than full consideration;
- (ii) An expenditure made by a person in cooperation, consultation, or concert with, or at the request or suggestion of, a candidate, a political committee, or their agents..."

- 3.2 **RCW 42.17.170** states in part the following:

"(1) Any lobbyist registered under RCW [42.17.150](#) and any person who lobbies shall file with the commission periodic reports of his or her activities signed by the lobbyist. The reports shall be made in the form and manner prescribed by the commission. They shall be due monthly and shall be filed within fifteen days after the last day of the calendar month covered by the report.

(2) Each such monthly periodic report shall contain:

(c) An itemized listing of each such expenditure, whether contributed by the lobbyist personally or delivered or transmitted by the lobbyist, in the nature of a contribution of money or of tangible or intangible personal property to any candidate, elected official, or officer or employee of any agency, or any political committee supporting or opposing any ballot proposition, or for or on behalf of any candidate, elected official, or officer or employee of any agency, or any political committee supporting or opposing any ballot proposition. All contributions made to, or for the benefit of, any candidate, elected official, or officer or employee of any agency, or any political

committee supporting or opposing any ballot proposition shall be identified by date, amount, and the name of the candidate, elected official, or officer or employee of any agency, or any political committee supporting or opposing any ballot proposition receiving, or to be benefited by each such contribution.”

**3.3 RCW 42.17.180** states in part the following:

(2)(a) Except as provided in (b) of this subsection, an employer of a lobbyist registered under this chapter shall file a special report with the commission if the employer makes a contribution or contributions aggregating more than one hundred dollars in a calendar month to any one of the following: A candidate, elected official, officer or employee of an agency, or political committee. The report shall identify the date and amount of each such contribution and the name of the candidate, elected official, agency officer or employee, or political committee receiving the contribution or to be benefited by the contribution. The report shall be filed on a form prescribed by the commission and shall be filed within fifteen days after the last day of the calendar month during which the contribution was made.

(b) The provisions of (a) of this subsection do not apply to a contribution which is made through a registered lobbyist and reportable under RCW 42.17.170.

#### **IV.**

#### **Findings**

- 4.1 The WSFB is a lobbyist employer that has been registered and reporting with the PDC for a number of years, and included seven registered lobbyists for 2003. The WSFB also has a political committee that is registered with the PDC.
- 4.2 On October 28, 2003, a complaint was filed by Diane McDaniel with the Washington State Labor Council alleging that the WSFB violated RCW 42.17 by failing to report in-kind contributions made to the Workers Against Job Killing Rules (WAJKR), a political committee supporting Initiative 841 (I-841) a statewide ballot proposition, for editorial board appearances, speaker requests and also being listed as a press contact on the Yes on I-841 website, and for failing to timely file reports disclosing those contributions on either the monthly Lobbyist Expense Report (PDC Form L-2) or the monthly Lobbyist Employer Contribution Report (PDC Form L-3c).

- 4.3 A PDC staff review of the WAJKR committee website, Yes841.com under the "About I-841" heading included "Press Contacts" and went on to list five names that included Dean Boyer, Director of Public Relations for the WSFB and his email and telephone number at WSFB, and the WSFB address. **See Exhibit #1.**
- 4.4 On November 17, 2003, Pat Batts, Administrative Vice-President for the WSFB submitted a response to the allegations listed against them in Ms. McDaniel's complaint. **See Exhibit #2.** Mr. Batts stated that the WSFB members endorsed I-841, and that he "signed the official voters' guide statement in support of I-841. He further stated that Mr. Boyer authored communications to only WSFB members regarding the organizations support of I-841, that included a column in the *October 2003 Farm Bureau News* titled "From the President's Desk" in support of I-841.
- 4.5 The WSFB also included along with their response, a declaration from R. Dean Boyer. In his declaration, Mr. Boyer indicated that he "did not attend any meetings, rallies, editorial boards, press conferences, or any other campaign event or gathering sponsored by the "Yes on I-841" campaign". Mr. Boyer stated that he was not aware that he had been listed as a press contact by the "Yes on I-841" campaign until he received a copy of the complaint. He went on to state the following:
- "In the ordinary course of business, I recall speaking with two newspaper reporters about I-841. There may have been one or two other quick calls. At no time in any conversation with any reporter was there any mention, by either the reporter or myself, that I had been listed as a media contact for the "Yes on I-841" campaign."**
- 4.12 A column in the *October 2003 Farm Bureau News* provided by the WSFB and entitled "From the President's Desk" included the statement **"We also worked this summer with a coalition of business groups to get the initiative on the ballot. And the WFB Board of Directors recently committed \$50,000 to get the word out about the terrible impact these regulations would have on jobs..."** **See Exhibit #3.** A review of the reports filed by the WAJKR disclosed that they received a \$50,000 contribution on September 24, 2003, from the Washington State Farm Bureau.

- 4.13 The WSFB filed a L-3c on November 14, 2003, disclosing the \$50,000 contribution made to the WAJKR on September 22, 2003. **See Exhibit #4.** The WSFB should have reported the \$50,000 contribution no later than October 15, 2003, on either one of their 7 lobbyists monthly L-2 reports or on the L-3c report.
- 4.14 On November 25, 2003, Pat Batts, Administrative Vice President of the WSFB sent a letter to the PDC regarding "Reports of contributions by Washington Farm Bureau". **See Exhibit #5.** The letter was addressed to PDC Executive Director Vicki Rippie, informing her that WSFB made a \$50,000 contribution to the "Yes on I-841" committee that had not been timely reported, but that the contribution had been timely reported by the WAJKR. The letter stated: **"It was also reported in several news stories, and therefore it appears that our failure to report had no effect on the public report of our activity."**
- 4.15 The letter went on to state that the WSFB political committee customarily reported the organization's contributions, but since the committee did not make this contribution the staff members responsible for the public disclosure reporting were not aware the contribution had been made or needed to be reported. Finally, the WSFB said it takes the PDC requirements seriously and was taking the following corrective steps:
- "1. We filed the required report of contribution, albeit one month late.**
- 2. I have directed all staff that are lobbyists or are responsible to report contribution to read the applicable PDC manual and prepare questions by Friday, December 12.**
- 3. We have scheduled a 90-minute training session between your compliance department and every staff member with reporting requirements during the week of December 15."**
- 4.16 On March 8, 2004, the WSFB responded to a PDC staff letter dated March 2, 2004, requesting additional information related to this investigation. **See Exhibit #6.** In their response the WSFB indicated they were solicited by the WAJKR to make a contribution to the I-841 committee, and that the directors of WSFB approved the \$50,000 contribution at its regular board meeting held on September 17, 2003. The \$50,000 check from the WSFB was prepared on September 22, 2003, hand-delivered to the WAJKR on September 24, 2003, and reported by the WAJKR on September 29, 2003 on a Cash Receipts/Monetary Contributions Report (PDC Form C-3). The letter went on to state the following:

**“The contribution was common public knowledge, as WSFB reported it in our October 2003 Farm Bureau News, and was also reported by the media (see attached example article from the Spokesman Review). The contribution was also timely reported by the WAJKR campaign September 29, 2003.” “The staff person responsible for those reports was not previously aware of the requirement, as it did not relate to legislative lobbying activity. WSFB contacted the PDC and self-reported the oversight on the November 14, 2003 L-3c report.”**

- 4.11 The WSFB has a political committee that is registered with the PDC, Washington State Farm Bureau PAC, but Washington State Farm Bureau PAC funds were not used to make the \$50,000 contribution to the WAJKR. For calendar year 2003 the seven lobbyists for the WSFB were Steve Appel, Patrick Batts, Dan Fazio, Hertha Lund, Robyn Meenach, Mike Poulson, and Dan Wood. The contribution was not reported on behalf of WSFB by any of the seven registered lobbyists of WSFB listed above on the Monthly Lobbyist Expense Report (PDC Form L-2). A summary listing all seven lobbyists expenses for calendar year 2003 was printed out of the PDC lobbyist database, and included as an exhibit to this report. **See Exhibit #7.** Since none of the seven lobbyists registered for WSFB reported the contribution, the WSFB had a reporting obligation on the Monthly Lobbyist Employer Contribution Report (PDC Form L-3c).
- 4.12 In all matters related to this investigation, the Washington State Farm Bureau has fully cooperated.

Respectfully Submitted this 10<sup>th</sup> day of May, 2004

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Kurt Young  
Chief Political Finance Specialist

**List of Exhibits**

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| <b>Exhibit #1</b> | Yes on I-841 campaign web site that included a page with the names of "Press Contacts" for the campaign.                            |
| <b>Exhibit #2</b> | Response letter submitted on November 17, 2003, by WSFB addressing the issues raised in the complaint.                              |
| <b>Exhibit #3</b> | October 2003 edition of the Farm Bureau News  |
| <b>Exhibit #4</b> | L-3c on filed by the WSFB November 14, 2003.  |
| <b>Exhibit #5</b> | November 25, 2003, letter sent from the WSFB to the PDC.  |
| <b>Exhibit #6</b> | March 8, 2004, response letter from the WSFB to a follow-up request for information from PDC staff.                                 |
| <b>Exhibit #7</b> | Printout of registered lobbyist expenses for 2003 as reported by WSFB registered lobbyists and maintained in PDC lobbyist database. |